

ENVIRONMENTAL PROTECTION

The California Environmental Protection Agency works to restore, protect, and enhance environmental quality. The agency coordinates state environmental regulatory programs and ensures fair and consistent enforcement of the law.

The Budget proposes total funding of \$1.54 billion (\$43.1 million General Fund and \$1.5 billion other funds) for all programs included in this Agency.

AIR RESOURCES BOARD

The Air Resources Board has primary responsibility for protecting air quality in California as well as implementation of the California Global Warming Solutions Act of 2006 (AB 32).

INVESTING IN GREENHOUSE GAS EMISSION REDUCTIONS

For decades, California has been an international leader in efforts to reduce air pollution. The state has a variety of programs and policies that promote energy efficiency and renewable energy, low-carbon fuels and vehicles, and sustainable infrastructure development and planning. These programs and policies have delivered major environmental and economic benefits over the course of many decades and are responsible for billions of dollars in savings to consumers. The California Global Warming Solutions Act of 2006 (AB 32) further established California as a global leader in reducing greenhouse gas emissions.

The Cap and Trade program is a key element in the state climate plan. It sets a statewide limit on the sources of greenhouse gases (GHG) responsible for 85 percent of California GHG emissions. It establishes a financial incentive for long-term investments in cleaner fuels and more efficient energy use. By assessing a cost to emit GHG, investments in technological and scientific innovation will be encouraged. The program is designed to provide GHG emitters the flexibility to find and implement cost-effective options to reduce GHG emissions.

In 2012-13, through the Cap and Trade program, the Air Resources Board will begin auctioning GHG emission allowances as a market-based compliance mechanism authorized by AB 32. The auctions will generate substantial funds to support existing and new efforts to address the causes of GHG emissions. Fee proceeds from the Cap and Trade auctions are expected to be \$1 billion in the first year of the program. In the coming years, the auctions will generate substantially more in fees as the program phases in other major GHG emitters.

The budget proposes a framework to invest proceeds from Cap and Trade fees to reduce greenhouse gases consistent with AB 32. These investments will create jobs and deliver public health, economic, and environmental benefits. Only activities that further the purposes of AB 32 are eligible for funding.

The budget proposal is designed to support the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions. This strategic investment plan is also designed to provide economic, environmental, and clean energy benefits, as well as to complement state efforts to improve air quality. It will support efforts to invest in local communities already affected by air pollution and communities disproportionately vulnerable to the effects of GHG emissions. Investments in the following areas will be proposed:

Clean and Efficient Energy:

Funding to reduce emissions through energy efficiency, clean and renewable distributed energy generation, and other related actions, including at public universities, state and local public buildings, and industrial and manufacturing facilities.

Low-Carbon Transportation:

Funding to reduce emissions through the development of state-of-the-art systems to move goods and freight, deploy advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation.

Natural Resource Protection:

Funding to reduce emissions associated with water use and supply, land and natural resource conservation and management, and sustainable agriculture.

Sustainable Infrastructure Development:

Funding to reduce emissions through strategic planning and development of major infrastructure including transportation and housing.

The fees will be deposited in the Greenhouse Gas Reduction Account within the Air Pollution Control Fund. Because actual revenues cannot be certified until late in 2012-13, specific expenditures are not included in the budget. Instead the budget provides that an expenditure plan be jointly submitted by the Director of Finance and the Air Resources Board. The plan must outline specific expenditures and not be submitted fewer than 30 days prior to allocating funds.

DEPARTMENT OF PESTICIDE REGULATION

The Department of Pesticide Regulation protects public health and the environment by regulating all aspects of the sale and use of pesticides and by promoting reduced-risk pest management strategies. The Department ensures compliance with pesticide laws and regulations through oversight of County Agricultural Commissioners, who enforce pesticide laws at the local level.

Significant Adjustment:

- Research Grants for Fumigant Alternatives—An increase of \$713,000 Department of Pesticide Regulation Fund and 2.0 positions to provide funding for applied research grants for fumigant alternatives research projects. These grants will encourage and support development of alternative techniques, procedures, and processes for pest control, reducing the need for high-risk pesticides use and ensuring compliance with Federal Clean Air Act requirements for specialty crop pesticide use.

STATE WATER RESOURCES CONTROL BOARD

The State Water Resources Control Board and the nine Regional Water Quality Control Boards preserve and enhance the quality of California water resources and ensure proper allocation and effective use of state water.

Significant Adjustment:

- Water Quality Grants for Small Disadvantaged Communities—An increase of \$11 million State Water Pollution Control Revolving Fund Small Community Grant Fund for grants to small and severely disadvantaged communities to address critical wastewater system needs.

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control protects California residents and the environment from the harmful effects of toxic substances through restoring contaminated resources, enforcement, regulation, and pollution prevention.

Significant Adjustment:

- Stringfellow Pre-Treatment Plant—An increase of \$40.1 million in lease revenue bond authority for the construction phase of the New Stringfellow Pre-Treatment Plant. The plant will provide more effective, reliable methods to treat contaminated groundwater, satisfying the federal court-mandated restoration of the Stringfellow Site.